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Richard D. Lawson
Director
Federal Regulatory Relations
United Telephone Companies

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

EX PARTE

March 19, 1993

Donna R. Searcy, Secretary
Federal Communications Commission
1919 M. Street, N.W., Room 222
Washington, DC 20554

RE: In the Matter of Local Exchange / Carrier Line Information
Database, CC Docket No. 92-24

Dear Ms. Searcy,

The Common Carrier Bureau's Tariff Division has requested that the United Telephone companies (United) evaluate a methodology for developing direct cost factors used in calculating new service rates. Attached is United's response. United requests that its response be made part of the record in the matter described above.

Sincerely,

Richard D. Lawson
Director -
Federal Regulatory Relations

cc: Mary Brown
Chris Frentrup
Judith Argentieri

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Mary L. Brown
Tariff Division
Federal Communications Commission
1919 M. Street, N.W., Room 518
Washington, DC 20554

RE: In the Matter of Local Exchange Carrier Line Information
Database, CC Docket No. 92-24

Dear Ms. Brown,

This letter responds to the Tariff Division's ongoing review of the United Telephone companies' (United) Tariff Transmittal No. 287 which created new LIDB Access and CCS/SS7 Interconnection rates and is the subject of the investigation referenced above.

As you requested earlier this week, we have evaluated the methodology developed by the Tariff Division to calculate direct cost factors and illustrative rates for LIDB Access and CCS/SS7 Interconnection services. We have replicated your methodology and concur that the methodology is generally sound and very similar to the methodology used by United in developing its direct cost factors.

However, United's direct cost factors are based on specific plant types used to provide specific services, while the Tariff Division's direct cost factors reflect company-wide, composite plant costs. Said another way, the Tariff Division's methodology does not take into account the fact that the underlying costs for switching equipment, circuit equipment, outside plant and buildings are significantly different. In contrast, United's methodology reflects, for example, that the maintenance expense associated with plant actually used to provide a service can be higher than maintenance expenses in the aggregate.

Ms. Mary L. Brown
March 19, 1993
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We believe United's technology-specific costing more fairly
represents the costs of providing the actual service and produces
the difference between United's direct cost factors and those